

Summary of Consolidated Financial Results For the fiscal year ending December 2009 (Six months ended June 30, 2009)

Aug 14, 2009

Described below is the English abstract of the financial results (Tanshin Report) that was released today in Japan. The translation is prepared and provided for readers' convenience only. Therefore, all readers are strongly advised to refer to the original version in Japanese for complete and accurate information. In the event of any discrepancy between this translated document and the original Japanese document, the original document shall prevail.

Listed company name :	Secured Capital Japan Co., Ltd.
Listed stock market :	Tokyo Stock Exchange, First Section
Stock code :	2392
URL :	http://www.securedcapital.co.jp/
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1. Summary of consolidated financial results (January 1, 2009 – June 30, 2009)

(1) Consolidated financial results (Year to date)

	Revenues		Operating income		Ordinary income		Net income	
	Millions ¥	%	Millions ¥	%	Millions ¥	%	Millions ¥	%
Six months ended June 2009	2,409	—	120	—	-243	—	444	—
Six months ended June 2008	2,479	-39.4	262	-88.5	134	-94.1	-78	—

	Earnings per share	Diluted earnings per share
	¥	¥
Six months ended June 2009	3,661.97	—
Six months ended June 2008	-644.99	—

There are dilutive shares for this second quarterly period. However the diluted EPS calculation requires the gain from the early redemption of convertible bonds to be excluded, which results in a negative amount for the period. Thus, the amount is omitted. Net loss was posted in the second quarterly period of 2008, so the amount is omitted too.

(2) Consolidated financial position

	Total assets	Net assets	Capital ratio	Net assets per share
	Millions ¥	Millions ¥	%	¥
As of June 30, 2009	52,069	11,928	15.4	65,520.72
As of December 31, 2008	53,365	11,791	14.0	61,585.54

Reference: Shareholders' equity (millions ¥) As of June 30, 2009: 8,000 As of December 31, 2008: 7,483

2. Dividend position

	Dividend per share				
	At the end of the first quarter	At the end of the second quarter	At the end of the third quarter	At the end of the year	Annual total
	¥	¥	¥	¥	¥
Year ended December 2008	—	0.00	—	0.00	0.00
Year ended December 2009	—	0.00	—	—	—
Year ending December 2009 (Forecast)	—	—	—	1,000.00	1,000.00

3. Consolidated forecast for the fiscal year ending December 2009 (January 1, 2009 – December 31, 2009)

	Revenues		Operating income		Ordinary income		Net income		Earnings per share
	Millions ¥	%	Millions ¥	%	Millions ¥	%	Millions ¥	%	¥
Full year	6,730	15.9	2,700	275.9	1,680	908.3	1,250	-	10,287.56

(Note) Percentage figures shown in the above represent changes from the corresponding period of the previous year.

4. Others

(1) Changes in scope of consolidation

New included subsidiaries	Not applicable
Excluded subsidiaries	Not applicable

(2) Adoption of simplified accounting procedures

Not applicable

(3) Changes in accounting policies from the last consolidated fiscal year

Changes based on the amendment of accounting principles	Commencing with the current period, the "Accounting Standard for Quarterly Financial Reporting" (Accounting Standards Board of Japan(ASBJ) Statement No.12), and the "Guidance on Accounting Standard for Quarterly Financial Reporting" (ASBJ Guidance No.14) are applied. Also, the quarterly consolidated financial statements are prepared in accordance with the "Regulation for Quarterly Consolidated Financial Statements."
Changes not based on the amendment of accounting principles	Not applicable

(4) Number of shares outstanding at the end of the period

	As of June 30 ,2009	As of December 31, 2008
Common stock (including treasury stock)	122,100	121,506
Treasury stock	—	—

Average number of shares during the period (Cumulative from the beginning of the fiscal year)

	As of June 30 ,2009	As of June 30, 2008
Common stock	121,509	121,470

5. Consolidated financial statements

(1) Consolidated balance sheets

(Thousands of yen)

	As of June 30, 2009	As of December 31, 2008
(Assets)		
I Current assets		
1 Cash and cash equivalents	3,666,627	3,061,257
2 Accounts receivable	682,437	461,199
3 Securities	1,619,559	2,086,290
4 Purchased loans	280,059	280,692
5 Other receivable	51,383	113,980
6 Deferred tax assets	118,328	76,725
7 Other assets	1,160,265	1,755,009
Allowance for doubtful accounts	-340,687	-334,361
Total current assets	7,237,972	7,500,794
II Non-current assets		
1 Property and equipment		
(1) Building	11,957,164	12,109,121
(2) Furniture and equipment	35,054	40,674
(3) Land	18,382,261	18,382,261
Total property and equipment	30,374,479	30,532,057
2 Intangible assets		
(1) software	5,409	6,892
Total Intangible assets	5,409	6,892
3 Investments and other assets		
(1) Investment securities	7,226,399	7,782,662
(2) Other securities of affiliates	3,959,139	3,989,818
(3) Long-term loans receivable	2,064,217	2,107,695
(4) Security deposits	277,986	288,102
(5) Deferred tax assets	648,831	796,423
(6) Others	286,336	361,284
Allowance for doubtful account	-11,370	—
Total investments and other assets	14,451,540	15,325,988
Total non-current assets	44,831,429	45,864,938
Total assets	52,069,401	53,365,732

(Thousands of yen)

	As of June 30, 2009	As of December 31, 2008
(Liabilities)		
I Current liabilities		
1 Short-term borrowings	3,300,000	3,600,000
2 Accrued expense	117,635	171,575
3 Income tax payable	593,506	201,032
4 Deposits payable	407,319	516,625
5 Accrued bonus	150,000	56,750
6 Other liabilities	370,795	348,793
Total current liabilities	4,939,255	4,894,775
II Non-current liabilities		
1 Bond	4,605,487	4,605,487
2 Convertible bond	4,620,000	6,000,000
3 Long-term borrowings	21,897,000	22,000,000
4 Deposit from silent partners	4,035,075	4,074,080
5 Others	44,315	—
Total non-current liabilities	35,201,878	36,679,567
Total liabilities	40,141,134	41,574,343
(Net assets)		
I Shareholders' equity		
1 Common stock	1,206,557	1,200,779
2 Additional paid-in capital	1,174,393	1,168,729
3 Retained earnings	6,116,888	5,672,419
Total shareholders' equity	8,497,840	8,041,927
II Unrealized valuations and re-measurement		
1 Unrealized gains on available for sale securities	-148,945	-50,666
2 Foreign currency translation adjustments	-348,814	-508,248
Total unrealized valuations and re-measurement	-497,760	-558,914
III Stock options	2,193	2,306
IV Non-controlling interests	3,925,992	4,306,069
Total net assets	11,928,267	11,791,389
Total liabilities and net assets	52,069,401	53,365,732

(2) Consolidated statements of income (Six months ended June 2009)

(Thousands of yen)

Six months ended June 2009	
I Revenues	2,409,947
II Cost of sales	866,870
Gross profit	1,543,077
III Selling, general and administrative expenses	1,422,841
Operating income	120,235
IV Non-operating income	
1 Interest income	8,555
2 Dividend income	2,594
3 Equity in earnings of affiliated companies	7,589
4 Others	8,652
Total Non-operating income	27,392
V Non-operating expenses	
1 Interest expenses	286,131
2 Bond interest expenses	27,678
3 Bond issuance expenses	14,104
4 Financing commissions	52,725
5 Others	10,741
Total Non-operating expenses	391,380
Ordinary income (loss)	-243,753
VI Extraordinary gain	
1 Gain on redemption of bonds	1,389,700
2 Gain on sales of investment securities	27,117
3 Others	366
Total Extraordinary gain	1,417,183
VII Extraordinary loss	
1 Loss on valuation of investment securities	176,926
2 Loss on sales of other securities of affiliates	88,803
3 Loss on closure of office	8,947
4 Others	1,022
Total Extraordinary loss	275,700
Income before silent partnership distribution and income taxes	897,730
Income allocations to silent partnership	33,966
Income before income taxes	863,764

Income taxes	
1 Income taxes - current	596,027
2 Income taxes - deferred	25,278
Total Income taxes	621,305
Non-controlling interests in losses of subsidiaries	-202,504
Net income	444,963

Consolidated statements of income (Second quarterly period)

(Thousands of yen)

Second quarterly period (April 1, 2009 – June 30, 2009)	
I Revenues	1,427,402
II Cost of sales	583,864
Gross profit	843,537
III Selling, general and administrative expenses	709,987
Operating income	133,549
IV Non-operating income	
1 Interest income	3,349
2 Equity in earnings of affiliated companies	2,882
3 Others	7,177
Total Non-operating income	13,408
V Non-operating expenses	
1 Interest expenses	138,198
2 Bond interest expenses	22,500
3 Financing commissions	26,708
4 Others	8,709
Total Non-operating expenses	196,116
Ordinary income (loss)	-49,157
VI Extraordinary gain	
1 Gain on redemption of bonds	567,200
2 Gain on sales of investment securities	27,117
3 Others	133
Total Extraordinary gain	594,450
VII Extraordinary loss	
1 Loss on valuation of investment securities	165,692
2 Loss on sales of other securities of affiliates	88,803
3 Others	166
Total Extraordinary loss	254,662

Income before silent partnership distribution and income taxes	290,630
Income allocations to silent partnership	18,311
Income before income taxes	272,319
Income taxes	
1 Income taxes - current	336,404
2 Income taxes - deferred	60,118
Total Income taxes	396,523
Non-controlling interests in losses of subsidiaries	-230,509
Net income	106,305

(3) Consolidated statements of cash flows

(Thousands of yen)

Six months ended June 2009	
I Operating activities	
Income before income taxes	863,764
Depreciation and amortization	156,787
Increase (decrease) in accrued bonus	93,250
Increase(decrease) in allowance for doubtful accounts	18,063
Operating interest income	-280,499
Interest and dividend income	-11,150
Operating and bond interest expenses	313,809
Gain on redemption of bonds	-1,389,700
Loss on valuation of operating investment securities	466,731
Loss on valuation of investment securities	176,926
Loss on sales of other securities of affiliates	88,803
Increase (decrease) in accounts receivable	-207,682
Increase (decrease) in other receivable	62,596
Increase (decrease) in consumption tax receivable	100,297
Increase (decrease) in accrued expenses	-53,738
Increase (decrease) in consumption tax payable	-8,004
Increase (decrease) in deposit payable	-109,305
Equity in earnings (losses) of silent partnerships	490,612
Income allocations to silent partnerships	33,966
Operating interest received	310,213
Others -net	-52,721
Sub total	1,063,019

Interest and dividend received	11,415
Interest paid	-274,036
Income taxes refunded	482,266
Income taxes paid	-243,965
Net cash provided by operating activities	1,038,698
II Investing activities	
Proceeds from sales and redemptions of investment securities	90,716
Purchases of other securities of affiliates	-570,762
Proceeds from sales and redemptions of other securities of affiliates	541,069
Investments in silent partnership	-137,850
Proceeds from redemption of investment in silent partnership	94,655
Proceeds from redemptions of money trust	34,564
Collections of loans receivable	60,746
Others –net	14,648
Net cash provided by investing activities	127,789
III Financing activities	
Increase(decrease) in short-term borrowings	-300,000
Repayment of long-term borrowings	-103,000
Proceeds from issuance of bonds	2,985,895
Redemption of bonds	-2,990,300
Distribution to non-controlling interests	-92,164
Others -net	-65,916
Net cash used in financing activities	-565,486
IV Foreign currency translation adjustments in cash and cash equivalents	9,082
V Net increase(decrease) in cash and cash equivalents	610,083
VI Cash and cash equivalents at the beginning of period	3,061,257
VII Decrease by exclusion of consolidated subsidiaries	-4,714
VIII Cash and cash equivalents at the end of period	3,666,627

(4) Going concern assumption

Not applicable

(5) Segment information

1. Business segment information

Six months ended June 30, 2009

(Thousands of yen)

	Real estate investment management	Loan investment and asset management	Total	Eliminations or non-allocatable expenses	Consolidated total
Revenues	2,100,187	309,760	2,409,947	—	2,409,947
Operating expenses	1,931,432	226,238	2,157,670	132,040	2,289,711
Operating income	168,754	83,521	252,276	-132,040	120,235

2. Geographical segment information

Six months ended June 30, 2009

(Thousands of yen)

	Japan	North America	Total	Eliminations or non-allocatable expenses	Consolidated total
Revenues	1,764,731	664,097	2,428,829	-18,881	2,409,947
Operating expenses	2,156,112	20,440	2,176,552	113,159	2,289,711
Operating income(loss)	-391,381	643,657	252,276	-132,040	120,235

3. Overseas sales

Six months ended June 30, 2009

	North America	Total
I Revenues from oversea customers	¥665,899 thousand	¥665,899 thousand
II Consolidated revenues	—	¥2,409,947 thousand
III Portion of revenues from oversea customers	27.6%	27.6%

(6) Notes on significant changes in the amount of Shareholders' equity

Not applicable

(Reference)

(Consolidated statements of income)

(Thousands of yen)

	Six months ended June 30, 2008		
		Amount	%
I Revenues		2,479,487	100.0
II Cost of sales		355,378	14.3
Gross profit		2,124,108	85.7
III Selling, general and administrative expenses		1,861,305	75.1
Operating income		262,803	10.6
IV Non-operating income			
1 Interest income	5,972		
2 Dividend income	2,910		
3 Currency exchange gain	2,125		
4 Equity in earnings of affiliated companies	7,192		
5 Gain on valuation of derivatives	43,681		
6 Interest on refund taxes	10,258		
7 Others	495	72,637	2.9
V Non-operating expenses			
1 Interest expenses	200,975		
2 Others	0	200,975	8.1
Ordinary income		134,466	5.4
VI Extraordinary gain			
1 Gain on sales of investment security	1,790	1,790	0.1
VII Extraordinary loss			
1 Loss on prior period adjustment	33,015		
2 Loss on disposition of fixed assets	924		
3 Loss on valuation of investment security	42,000	75,940	3.1
Income before silent partnership distribution and income taxes		60,316	2.4
Income allocations to silent partnership		36,273	1.5
Income before income taxes		24,043	0.9
Income taxes - current	222,088		
Income taxes - deferred	-231,940	-9,852	-0.4
Non-controlling interests in earnings of subsidiaries		112,243	4.5
Net income(loss)		-78,347	-3.2

Consolidated statements of cash flows

(Thousands of yen)

	Six months ended June 30, 2008
	Amount
I Operating activities	
Income before income taxes	24,043
Depreciation and amortization	131,723
Increase (decrease) in accrued bonus	23,500
Increase(decrease) in allowance for doubtful accounts	94,563
Operating interest income	-362,535
Operating interest expenses	136,329
Interest and dividend income	-8,883
Gain on valuation of derivatives	-43,681
Interest expenses	200,975
Equity in earnings of affiliated companies	-7,192
Loss on disposition of fixed assets	924
Loss on valuation of investment securities	42,000
Loss on prior year adjustment	33,015
Increase (decrease) in accounts receivable	437,270
Increase (decrease) in other receivable	70,785
Increase (decrease) in consumption tax receivable	-343,062
Increase (decrease) in deposit paid	-574,536
Increase (decrease) in non-current prepaid expenses	-312,497
Increase (decrease) in accrued expense	-126,067
Increase (decrease) in consumption tax payable	-118,355
Increase (decrease) in deposit payable	-7,506
Increase (decrease) in advance received	81,409
Equity in earnings (losses) of silent partnerships	407,366
Income allocations to silent partnerships	36,273
Operating interest received	348,241
Operating interest paid	-99,846
Others	-62,026
Sub total	2,229
Interest and dividend received	8,606
Interest paid	-70,861
Income taxes refunded	593,345
Income taxes paid	-1,398,751
Net cash used in operating activities	-865,431

	Six months ended June 30, 2008
	Amount
II Investing activities	
Purchases of fixed assets	-23,507,207
Purchases of intangible assets	-862
Proceeds from sales and redemption of investment securities	17,479
Purchases of other securities of affiliates	-1,615,065
Proceeds from sales and redemption of other securities of affiliates	489,188
Investments in silent partnership	-451,695
Proceeds from redemption of investment in silent partnership	124,392
Contributions to capital	-9,000
Purchases of money trust	-1,503,820
Proceeds from redemption of money trust	754,440
Payments for loans issued	-17,101
Collections of loans receivable	54,569
Others	17,117
Net cash used in investing activities	-25,647,565
III Financing activities	
Increase (decrease) in short-term borrowings	-1,007,741
Proceeds from long-term borrowings	22,023,000
Proceeds from issuance of bonds	844,800
Redemption of bonds	-38,545
Proceeds from non-controlling interests	887,127
Dividends paid	-179,278
Distribution to non-controlling interests	-81,653
Contributions received from silent partners	1,258,119
Others	1,030
Net cash provided by financing activities	23,706,857
IV Foreign currency translation adjustments in cash and cash equivalents	61,706
V Net increase(decrease) in cash and cash equivalents	-2,744,432
VI Cash and cash equivalents at the beginning of period	4,402,843
VII Cash and cash equivalents at the end of period	1,658,410

(Segment information)

1. Business segment information

Six months ended June 30, 2008

(Thousands of yen)

	Real estate investment management	Loan investment and asset management	Total	Eliminations or non-allocatable expenses	Consolidated total
Revenues	1,959,197	520,289	2,479,487	—	2,479,487
Operating expenses	1,591,888	456,580	2,048,468	168,215	2,216,683
Operating income	367,309	63,709	431,019	-168,215	262,803

2. Geographical segment information

Six months ended June 30, 2008

(Thousands of yen)

	Japan	North America	Total	Eliminations or non-allocatable expenses	Consolidated total
Revenues	2,126,108	353,379	2,479,487	—	2,479,487
Operating expenses	2,048,468	—	2,048,468	168,215	2,216,683
Operating income	77,640	353,379	431,019	-168,215	262,803